

Message Text

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ACTION ARA-20

INFO OCT-01 ADP-00 EB-11 INT-08 AID-20 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

H-03 L-03 RSR-01 /144 W

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R 231800Z AUG 73

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 9082

INFO USDOC WASHDC

AMCONSUL CALI UNN

AMCONSUL MEDELLIN UNN

C O N F I D E N T I A L BOGOTA 6945

E.O. 11652: GDS

TAGS: EMIN CO

SUBJ: INTERNATIONAL MINING COMPANY (IMC)

REF: BOGOTA 6825

1. BEGIN SUMMARY: SOURCE CLOSE TO PRESIDENT
PASTRANA ADMINISTRATION HAS MADE INFORMAL PROPOSAL TO SOLVE
IMCS DIFFICULTIES WITH GOC. PROPOSAL ENTAILS
PARTIAL QUOTE EXPROPRIATION UNQUOTE, RETENTION BY
IMC OF OWNERSHIP AND MANAGEMENT OVER EXTENSIVE
REMAINDER OF HOLDINGS WITH SALE OF MINORITY EQUITY
IN THESE HOLDINGS TO PRIVATE COLOMBIANS.END SUMMARY

2. COMMERCIAL ATTACHE MET AUG 22 WITH FERNANDO LEYVA,
BROTHER OF ALVARO LEYVA, PRIVATE SECRETARY OF PRESIDENT
PASTRANA. MTG TOOK PLACE AT LEYVA'S REQUEST. FERNANDO
LEYVA IS PROMINENT BUSINESSMAN.

3. LEYVA SAID HE WAS NOT RPT NOT AUTHORIZED TO SPEAK
FOR GOC BUT HE IS SOMEONE CLOSE TO GOC AND ONE WHO
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GENERALLY KNOWS GOC THINKING.HE SAID HE SAW MINISTER

OF MINES SILVA FEW DAYS AGO ON ANOTHER MATTER AND IMC
CASE QUOTE CAME UP UNQUOTE.

4. LEYVA SAID THERE IS NO QUESTION THAT AT THIS POINT
GOC INTENDS TO EXPROPRIATE ALL OF IMC'S HOLDINGS IN
COLOMBIA. HE ADDED THAT THERE IS WIDESPREAD BELIEF
AMONG GOC OFFICIALS THAT IMC HAS ILLEGALLY SMUGGLED
GOLD OUT OF COUNTRY. (COMMENT: CONSERVATIVE
REPRESENTATIVE HUMBERTO AVILA MORA CONFIRMED
EXISTENCE THIS BELIEF AMONG CONGRESSMEN IN CONVERSATION
WITH COMMATT AUG 22. END COMMENT). HE SAID, HOWEVER,
THAT QUOTE SOME UNQUOTE COMPENSATION WOULD BE GIVEN
TO SAVE APPEARANCES. NEED TO PRESERVE QUOTE
APPEARANCES UNQUOTE RECURRED THROUGHOUT LEYVA'S
ENSUING COMMENTS.

5. OSTENSIBLY MOTIVATED BY A DESIRE TO HEAD OFF
FUTURE IMAGE PROBLEMS FOR GOC, LEYVA SAID HE TOLD
SILVA QUOTE YOU CANNOT RUN THE MINES AND YOU KNOW IT.
YOU WILL HAVE ANOTHER EMERALD SITUATION ON YOUR
HANDS UNQUOTE. HE THEN REPORTEDLY ADVISED SILVA TO
LET IMC SELL PART OF ITS HOLDINGS IN COLOMBIA TO
PRIVATE COLOMBIANS. AS A MEANS TO APPEASE PUBLIC,
GOC WOULD EXPROPRIATE ANOTHER, LESS DESIRABLE PART
OF HOLDINGS BUT WITH COMPENSATION.

6. LEYVA OUTLINED FOLLOWING PROPOSAL WHICH IMC
MIGHT PURSUE AND WHICH HE THOUGHT MIGHT CONCEIVABLY BE
ACCEPTABLE TO GOC, THOUGH HE DENIED HE HAD DISCUSSED
PROPOSAL WITH ANYONE IN GOC.
(A) IMC WOULD SELL CHOCO-PACIFICO MINE IN TOTO TO
GOC FOR MINIMAL COMPENSATION WITHIN CONTEXT OF
QUOTE EXPROPRIATION UNQUOTE. LEYVA SAID HE DID
NOT KNOW TYPE OF COMPENSATION GOC MIGHT OFFER.

DOMESTICALLY, GOC WOULD PLAY UP WORD EXPROPRIATION
IN ITS NEWS RELEASES. IN EXTERIOR, FACT THAT COMPENSATION
WAS MADE WOULD BE STRESSED.

(B) AT SAME TIME IMC WOULD SELL MINORITY EQUITY IN
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PATO AND FRONTINO TO PRIVATE COLOMBIANS. PREFERABLY
THESE WOULD NOT HAVE QUOTE OLIGARCHIC UNQUOTE IMAGE.
(COMMENT: LEYVA THINKS JAIME MICHELSEN OF BANCO DE
COLOMBIA HAS OLIGARCHIC IMAGE, BUT HE MIGHT STILL
BE ACCEPTABLE)
(C) IMC WOULD RETAIN MANAGEMENT OF PATO AND FRONTINO.

7. LEYVA SAID THAT QUOTE SEVERAL UNQUOTE PRIVATE

COLOMBIAN FIRMS WOULD UNDOUBTEDLY BE INTERESTED AND SUGGESTED THAT IMC PREPARE ITEMIZED STATEMENT OF ASSETS AND STATEMENT OF ANTICIPATED FUTURE EARNING FOR USE OF GOC AS WELL AS PRIVATE COLOMBIANS INTERESTED IN THE NEGOTIATIONS.

8. LEYVA REQUESTED THAT STATE DEPT INVESTIGATE INTEREST ON PART OF IMC IN PURSUING PROPOSAL OF THIS NATURE, SINCE HE BELIEVES TIME IS RIPE FOR EARNEST NEGOTIATIONS. HE SPECIFICALLY REQUESTED THAT FRANCISCO URRUTIA, LEGAL COUNSEL RETAINED BY IMC NOT BE BROUGHT INTO DISCUSSIONS CONCERNING PROPOSAL ABOVE. HE REPEATED GOC POSITION THAT QUOTE TIME IS RUNNING OUT UNQUOTE AND REITERATED HIS OPINION THAT ONLY SOLUTION FOR IMC WAS SALE TO PRIVATE COLOMBIANS, WHILE ALLOWING GOC TO EXPROPRIATE LEAST DESIRABLE PART OF IMC HOLDINGS TO PACIFY NATIONALISTIC FEELINGS.

9. COMMENT: WE DO NOT VOUCH FOR AUTHORITY WITH WHICH LEYVA SPEAKS, BUT THERE IS LITTLE QUESTION HIS FAMILY IS EXTREMELY CLOSE TO PASTRANA. AT THIS POINT, HOWEVER, WE WOULD NOT ADVOCATE THE DEPARTMENTS DISCUSSING THIS PROPOSAL WITH IMC. AS WILL BE REPORTED FULLY IN A SUBSEQUENT TELEGRAM IMC HAS SUBMITTED ITS OWN PROPOSAL TO THE MINISTRY OF MINES WHICH THE MINISTER DESCRIBED TO US AS CONTAINING MANY UNACCEPTABLE CONDITIONS BUT STILL CONSTITUTED SOME MOVEMENT TOWARDS THE GOVERNMENTS POSITION ON IMC PART.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NATIONALIZATION, MINING INDUSTRY
Control Number: n/a
Copy: SINGLE
Draft Date: 23 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BOGOTA06945
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS WHITE
Errors: N/A
Film Number: n/a
From: BOGOTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730821/aaaaapbd.tel
Line Count: 145
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: BOGOTA 6825
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 17 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17-Jan-2002 by martinjw>; APPROVED <08 FEB 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INTERNATIONAL MINING COMPANY (IMC)
TAGS: EMIN, CO, IMC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005